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Updated medium-term investment plan

Medium-term investment plan 2018–2021

Report by the Director General

In line with paragraph (l) of decision IDB.43/Dec.6 adopted by the Industrial Development Board at its forty-third session, the current document presents an updated medium-term investment plan to be funded by the Major Capital Investment Fund (MCIF). This investment plan updates the previous one presented in document IDB.45/8/Add.1.

1. The updated medium-term investment plan for 2018–2021 incorporates requirements for capital investments totalling €3.8 million in 2018–2019 and €6.7 million in 2020–2021, to ensure that UNIDO's enterprise resource planning (ERP) system, web platforms, reporting and collaboration tools, as well as its information and communications technology (ICT) infrastructure remain up-to-date with changing business requirements and technological progress. The execution of the plan would most prominently support the development and improvement of the ERP system, at a cost of €2 million for 2018–2019. In addition, a major ERP upgrade is foreseen in 2020–2021 to benefit from technological trends such as cloud computing, software as a service and big data reporting, at an estimated cost of €5.7 million. The ICT infrastructure would also require an investment of €1.8 million for 2018–2019 and €1.0 million thereafter, in addition to the regular maintenance costs.

2. As outlined in IDB.45/8/Add.1, the Director General approved the utilization of €300,000 from the Major Capital Investment Fund (MCIF) for the development of ERP modules for contract and invoice management, as well as €200,000 for ERP developments necessary for the revised ICSC Compensation Package. Significant progress was reported in the implementation of these extensive ERP enhancements and they are anticipated to be in full productive use in the course of 2018.

3. Based on the medium-term investment plan as presented to the Board in 2017 (IDB.45/8/Add.1), the Director General also approved the utilization of €200,000 from MCIF for the transformation of the UNIDO public website, which was launched

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at the beginning of the seventeenth session of the UNIDO General Conference on 27 November 2017 (https://www.unido.org/).

4. In line with the investment priorities outlined in the previous update, ERP enhancements to improve the reporting on the Sustainable Development Goals and the incorporation of UNIDO partners in the technical cooperation delivery process were undertaken and significant progress has been made in these areas utilizing internal resources.

5. As part of the integrated results and performance framework, two Organization-wide ERP customer satisfaction surveys were conducted in 2014 and 2016. These demonstrated a high satisfaction rate by ERP users, both at headquarters and in the field. This trend is anticipated to continue and may be attributed to the continuous improvements to the ERP system and its alignment with end-user requirements. However, to ensure that the ERP system and ICT infrastructure continue to effectively support UNIDO's management priorities and to further improve internal operations and transparency, a number of investments are necessary over the period 2018–2021.

6. The tables below list the enhancements and improvements of the ERP system, ICT infrastructure and IT systems necessary for 2018–2021, including the estimated timeline and cost. The implementation of the planned items will be conditional on the contribution of funds to the MCIF account.

Table 1: Major Proposed Investments for 2018–2019

Priority	Investment description	Estimated timeline	Estimated amount in millions of euros
	Business Applications and Integration		
1	*Talent acquisition and management upgrade*: An upgrade to a cloud-based human capital management suite solution (e-recruitment, on boarding, performance, staff learning management and workforce time/attendance) would improve outreach to the best international skill set, and provide timely information on talent acquisition and development, including but not limited to, geographic and gender representation. Such an enhancement would decrease administrative work and also be in line with Joint Inspection Unit recommendations,7 and 8 (JIU/REP/2017/1) and external audit recommendations (IDB.45/3, subsection D.1).	2018–2019	€0.6
2	*Decision-making and quality monitoring support systems*: This is to deliver state-of-the-art systems to improve decision-making and quality monitoring for UNIDO management and Member States by visualizing critical information in an attractive and user friendly interface.	2018–2019	€0.3
3	*Strategic reporting: Programme and budgets*: Missing budgeting functionalities need to be implemented to enable the preparation of the programme and budgets in the ERP system, which will largely contribute to the efficiency of the process.	2018–2019	€0.2
4	*Funds and position management*: The addition of this ERP module would enable the reserving of funding for known staff expenditures for both headquarters and field staff in the ERP system, which would increase budgetary control, and reporting accuracy and efficiency.	2019	€0.3
5	*E-learning consolidation*: UNIDO requires a unified, state-of-the-art e-learning solution that is compliant with well-established open standards. This new platform would enable all current e-learning content to be updated, improved and centrally accessible. The new system would create a consistent and positive learning experience for all learners.	2019	€0.2
6	*Knowledge management and collaboration (KMC) and ERP integration*: Further integration of systems into the KMC and ERP is required, e.g. network and archive storage, and donor reporting workflows. Improving KMC and ERP integration will improve workflow processes and accessibility, and eliminate manual updating and maintenance procedures.	2019	€0.4
	ICT Infrastructure, Operations and IT Security		
1	*ICT headquarters central server equipment*: The bulk of the central server equipment in use at headquarters was installed in 2011, which means that the equipment is being utilized beyond its anticipated useful life expectancy and complete replacement is warranted in 2018–2019.	2018–2019	€0.4
2	*Email system replacement*: The UNIDO's email system is obsolete and requires an upgrade and/or replacement in 2018–2019. Upgrading or replacing the email system, possibly to cloud services, allows ICT security issues to be addressed and enables alignment with future technology and trends.	2018–2019	€0.3
3	*ICT headquarters central network equipment*: The bulk of the central network equipment in use at headquarters was installed in 2011, which means that the equipment is being utilized beyond its anticipated useful life expectancy and complete replacement is warranted in 2018–2019.	2018–2019	€0.3
4	*ICT data centre and disaster recovery facilities*: Based on the recommendations by the External Auditor (document IDB.43/3, paragraphs 114 and 116 refer) an ICT upgrade of the disaster recovery and data centre facilities is necessary. This serves the purpose of safeguarding and ensuring the security of UNIDO's critical data and systems.	2018–2019	€0.2
5	*ICT headquarters desktop equipment*: The personal computers in use at headquarters are replaced at the approximate rate of 100 per year, which means that the equipment is utilized some three years past its useful life. A complete replacement of at least half of the personal computers during 2018 and 2019 would significantly increase	2018–2019	€0.2

Priority	Investment description	Estimated timeline	Estimated amount in millions of euros
	staff productivity in the day to day use of the ERP system, office software, the KMC solution, etc.		
6	*IT Service Management (ITSM) tool*: The legacy IT ticketing system is obsolete and lacks functionality. A new, state-of-the art ITSM system is required to streamline the process of servicing the plethora of IT requests received from headquarters and the field. The ITSM tool will also support alignment with ICT best practices, foster continuous improvement, increase transparency and improve UNIDO's overall experience with IT service.	2018–2019	€0.2
7	*Improved collaboration and accessibility*: There is an increasing demand from staff and UNIDO partners to improve the remote access to ERP functionalities. It is therefore intended to adapt key monitoring and reporting as well as major business processes to make them better available remotely, including on mobile devices.	2019	€0.2
Total for 2018–2019			**€3.8**

Table 2: Major Proposed Investments for 2020–2021

Priority	Investment description	Estimated Timeline	Estimated amount in Euro millions
	Business Applications and Integration		
1	*Major ERP upgrades*: Benchmarks with other United Nations organizations show that ERP systems are typically upgraded after 7 to 8 years from the initial implementation in order to ensure that the system continues to be up-to-date and capable of effectively supporting changing business requirements (UNIDO's implementation started in late 2010). The cost of such major upgrades amounts typically to 30 to 40 per cent of the original implementation (UNIDO's total budget for the ERP implementation was €13 million). In this context it is to be noted that the SAP software provider has launched a newer version of its ERP solution comprising new functionalities, processes and technologies. This latest version is however not yet available for all the processes and modules that are in place at UNIDO. Therefore, UNIDO will conduct such a re-implementation once this new version is more mature and available for all the key business processes, functionalities and modules.	2020–2021	€4.8
2	*Reporting on "big data"*: The volume of data is increasing significantly, leading to the need to better integrate and understand it. In this regard, the ERP system would require some new technologies, such as in-memory storage, allowing for large data volumes from various external and internal sources (Internet, social media, ERP, etc.) to be quickly processed and analysed.	2020–2021	€0.3
3	*Cloud-based ERP operations to achieve economies of scale*: Operating UNIDO's ERP solution via Internet-enabled devices/hosts and cloud-based solutions will contribute to reducing the system's total cost of ownership, as well as enabling faster deployment of solutions; streamlining upgrades and enhancements; increasing system performance; and improving its availability and accessibility. It will also prepare the ERP solution to benefit from and contribute to shared services in line with the United Nations system. Moving to a cloud-based solution is expected to result in long-term operational cost savings.	2020–2021	€0.3
4	*Global payment*: Improvement of the current global payment process, especially the use of current worldwide payment technologies, would optimize worldwide transfers and thus increase accuracy, timeliness and ultimately delivery in the field.	2020–2021	€0.3

ICT Infrastructure, Operations and IT Security			
1	*Microsoft Office 365 for headquarters and the field*: In line with best practice in the United Nations system, UNIDO intends to adopt a state-of-the-art, cloud-based, client productivity software (Microsoft Office 365, Skype for Business, etc.). This solution would greatly improve user experience, particularly in the field offices.	2020–2021	€0.4
2	*ICT field office desktop and communications equipment*: The personal computers in the field offices are non-standard and obsolete. A complete replacement of the personal computers and basic communications equipment during 2020 and 2021 would significantly increase staff productivity in the day to day use of the ERP system, office software, the KMC solution, etc.	2020–2021	€0.3
3	*Mobile equipment to improve remote working*: The mobile equipment at headquarters is utilized some two years past its useful life, and availability is limited. A complete replacement of mobile devices and the provision of additional equipment for staff would be warranted in 2020 and 2021. While also increasing staff productivity during day to day tasks, this would especially empower staff to execute key business processes while working remotely.	2020–2021	€0.3
Total for 2020–2021			**€6.7**
GRAND TOTAL for 2018–2021			**€10.5**

Action required of the Committee

7. The Committee may wish to take note of the information provided in the present document.